City of Chattanooga

Fire and Police Pension Fund Task Force Meeting

February 12, 2014

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Summary

- Based on prior analysis and analysis conducted through this process, it became evident that the current level of benefits was unsustainable for the Chattanooga Fire and Police Pension Fund in the long-term
  - On a market basis, the Fund's funded status dropped from 109.9% in 1999 to 51.8% in 2013 despite the City making its full annual required contribution (ARC)
  - The Fund has the second worst funded status of all the non-TCRS plans noted by the Tennessee Treasury Department
- This presentation outlines the consensus agreement reached by the Task Force which was comprised of employee union leaders, retirees, pension board representatives, members of Mayor Berke's Administration and civilians
- The representatives sought to minimize the impact on retirees and employees while ensuring that the Fund remains sustainable for the long-term and affordable for current and future taxpayers
- These changes in no way decrease any vested financial benefits accrued by any participant or beneficiary of the Fund. No retiree or beneficiary will see his or her current pension check reduced

Projections in Presentation

- Actual results may differ significantly from the measurements shown in the projections due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural methodology used for these measurements (such as the smoothing of investment gains or losses); changes in plan provisions or applicable laws; and the City contributing amounts other than those recommended
- The projections in the presentation assume the City contributes the recommended contribution dollar amount projected in each calendar year
- The results of these projections are not a guarantee of future performance and should be used as a guideline, not an absolute, while making decisions regarding the future of the Fund. Projections, by their very nature, cannot be guaranteed

Source: Segal Consulting, CFPPF, Task Force Recommended Plan Changes, 2/10/14

Background

Funded Status of Other Tennessee Pension Plans
Non-TCRS

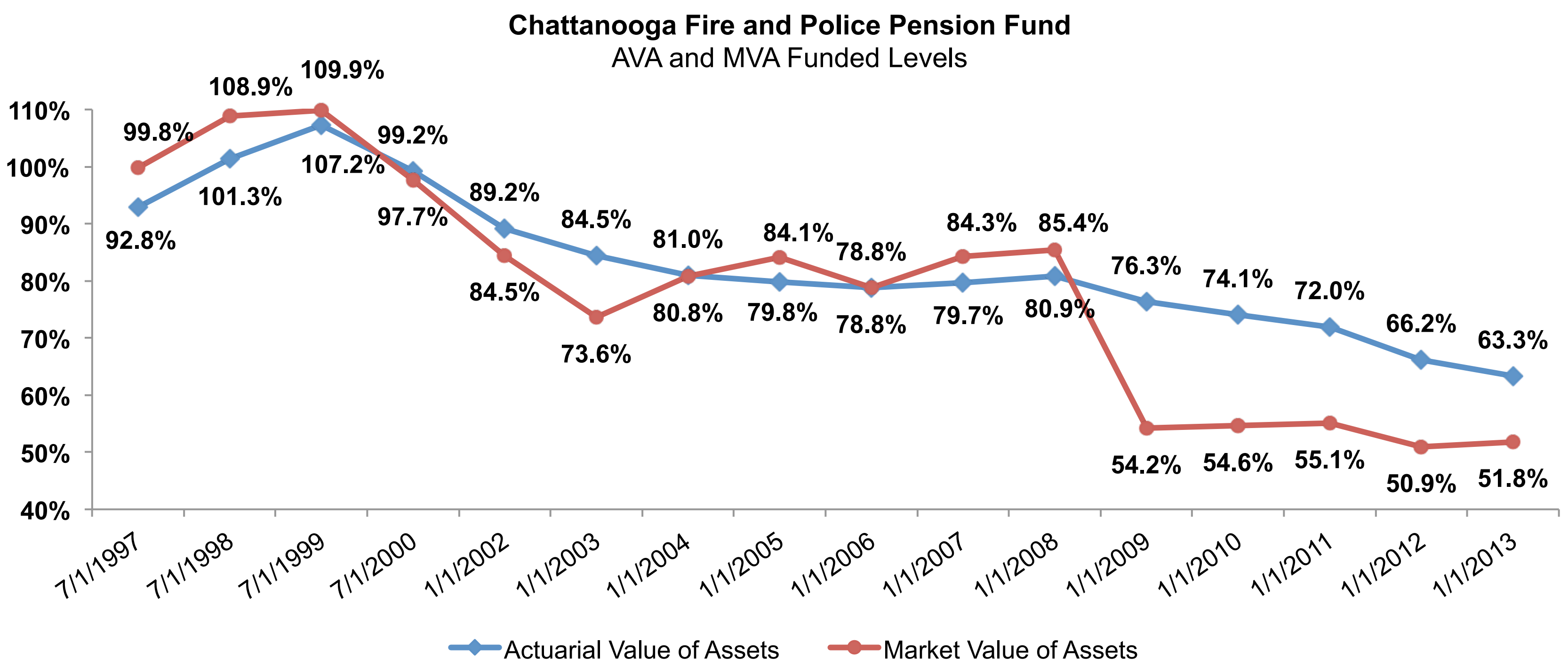
- A recent report to the State's Legislative Council on Pensions and Insurance found Chattanooga's Fire and Police Pension Fund among the lowest funding ratios among defined benefit pension plans in the state (external to the Tennessee Consolidated Retirement System)

Rank	Plan	Funded Ratio Market Value of Assets
1	Hamilton County	215.8%
2	Knoxville Utilities	94.7%
3	Murfreesboro Electric Department	89.5%
4	Maury Regional Medical Center	88.0%
5	Murfreesboro	87.2%
6	Smyrna	83.5%
7	Knox County Uniformed Officers	83.5%
8	Knox County Board of Education	82.1%
9	Lawrenceburg Utility Systems	81.6%
10	Memphis LGW	81.1%
11	Elk River Public Utility District	81.0%
12	Chattanooga General Employees	80.8%
13	Memphis	78.7%
14	Shelby County	78.7%
15	Collierville	77.6%
16	Franklin	76.9%
17	Germantown	76.4%
18	Nashville	75.4%
19	Dyersburg City Schools	72.2%
20	Nashville Electric Service	71.6%
21	Bartlett	68.7%
22	Knox County General Employees	67.4%
23	Knoxville	67.0%
24	Dyersburg Electric	66.8%
25	Lenoir City Utilities Board	61.6%
26	Metro Nashville Airport Authority	60.6%
27	Alcoa	59.1%
28	Hallsdale Powell Utility District	57.6%
29	Columbia	55.2%
30	***Chattanooga - CFPPF***	***51.8%***
31	Dyersburg City	22.0%

Source: Treasury Department, State of Tennessee, Report to the Legislative Council on Pensions and Insurance, "Review of the Annual Funding Status of Local Government Defined Benefit Pension Plans External to TCRS, January 27, 2014

AVA and MVA Funded Ratio

- The following chart reflects the historical funded level of the CFPPF on an actuarial and market value basis. Both the AVA and MVA funded ratios have declined significantly since achieving peak funding levels with the 7/1/1999 actuarial valuation report (107.2% on an actuarial basis and 109.9% on a market basis)
- The funded ratio on a market basis, which removes asset smoothing, reflects the significant impact of the 2007-2008 market crash on the CFPPF. These losses resulted in the MVA funding ratio to decline from 85.4% (1/1/2008) to 54.2% (1/1/2009)

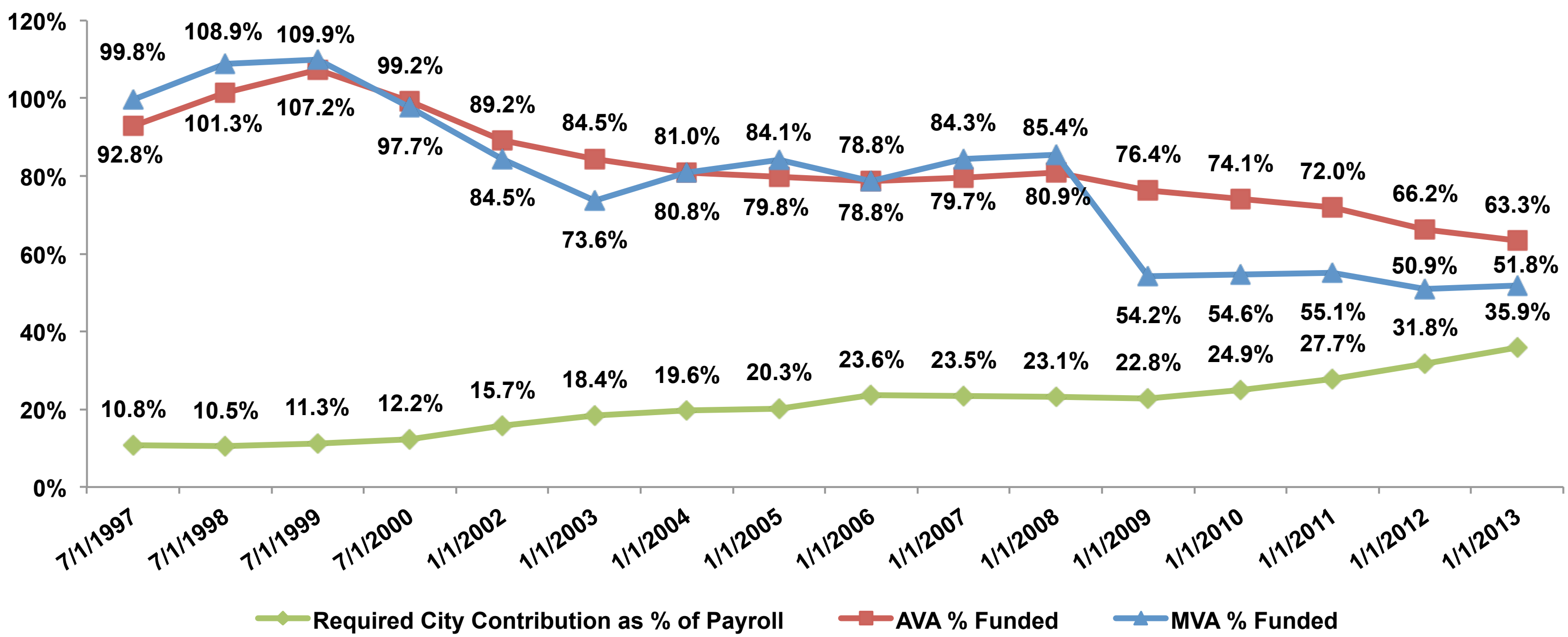


Source: City of Chattanooga Fire and Police Pension Fund, Actuarial Valuation Reports, 1997-2013

City's Contribution as % of Payroll

- The City's recommended contribution rate as a percentage of payroll has more than tripled, increasing from 10.8% per the 7/1/1997 actuarial valuation to 35.9% per the 1/1/2013 actuarial valuation. On a dollar basis, the City's recommended contribution over this time period has increased from $2.6 million as of 7/1/1997 to $13.3 million as of 1/1/2013, an increase of more than 400%. City will contribute $14.4 million in FY14

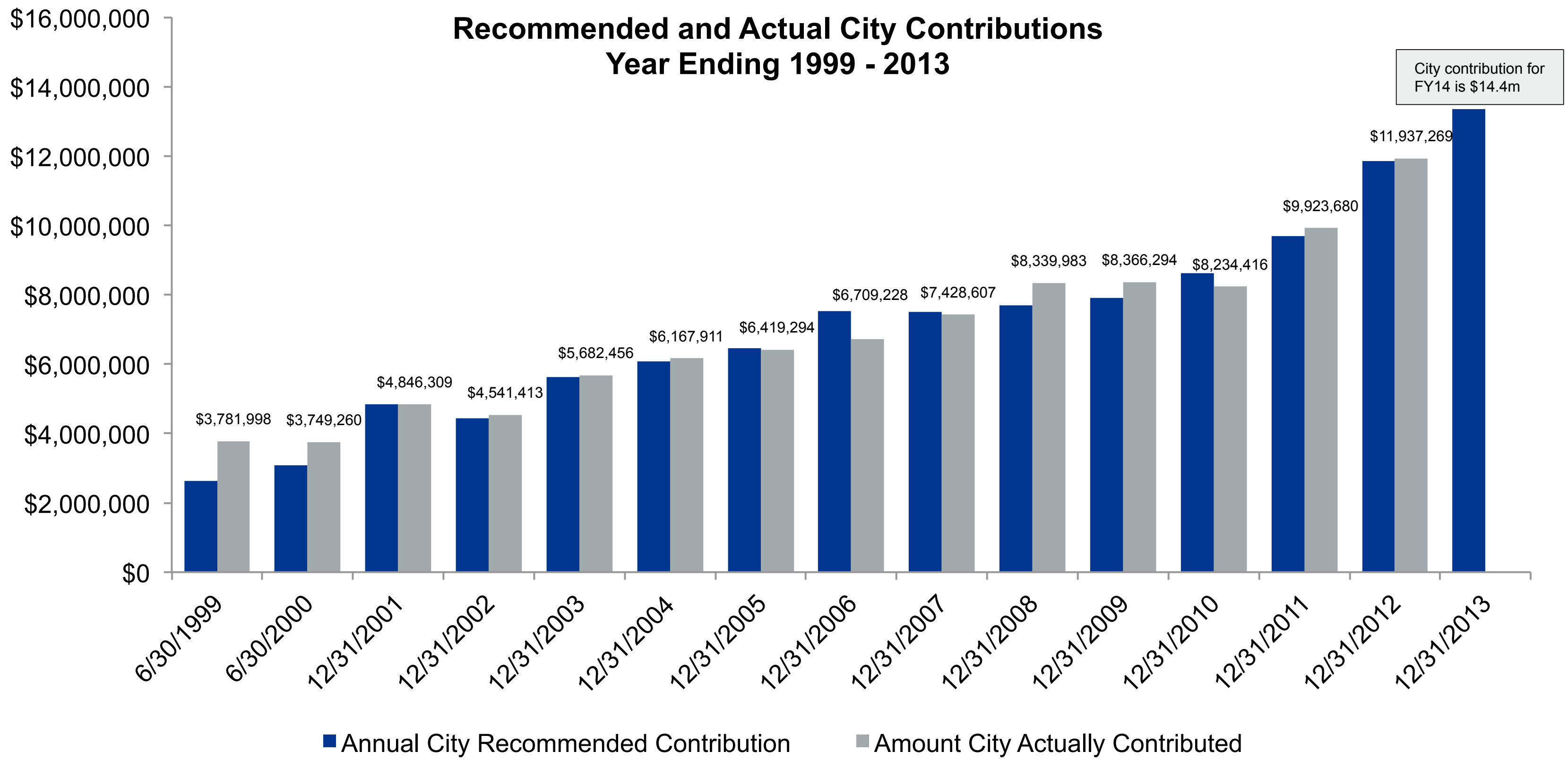
Required City Contribution as Percent of Payroll & CFPPF AVA & MVA Funded Ratio



Source: City of Chattanooga Fire and Police Pension Fund

City's Contributions

- In general, the City has contributed the annual required contribution (ARC) as recommended by the valuation reports. In some years, the City has actually contributed more than required as shown in the table below

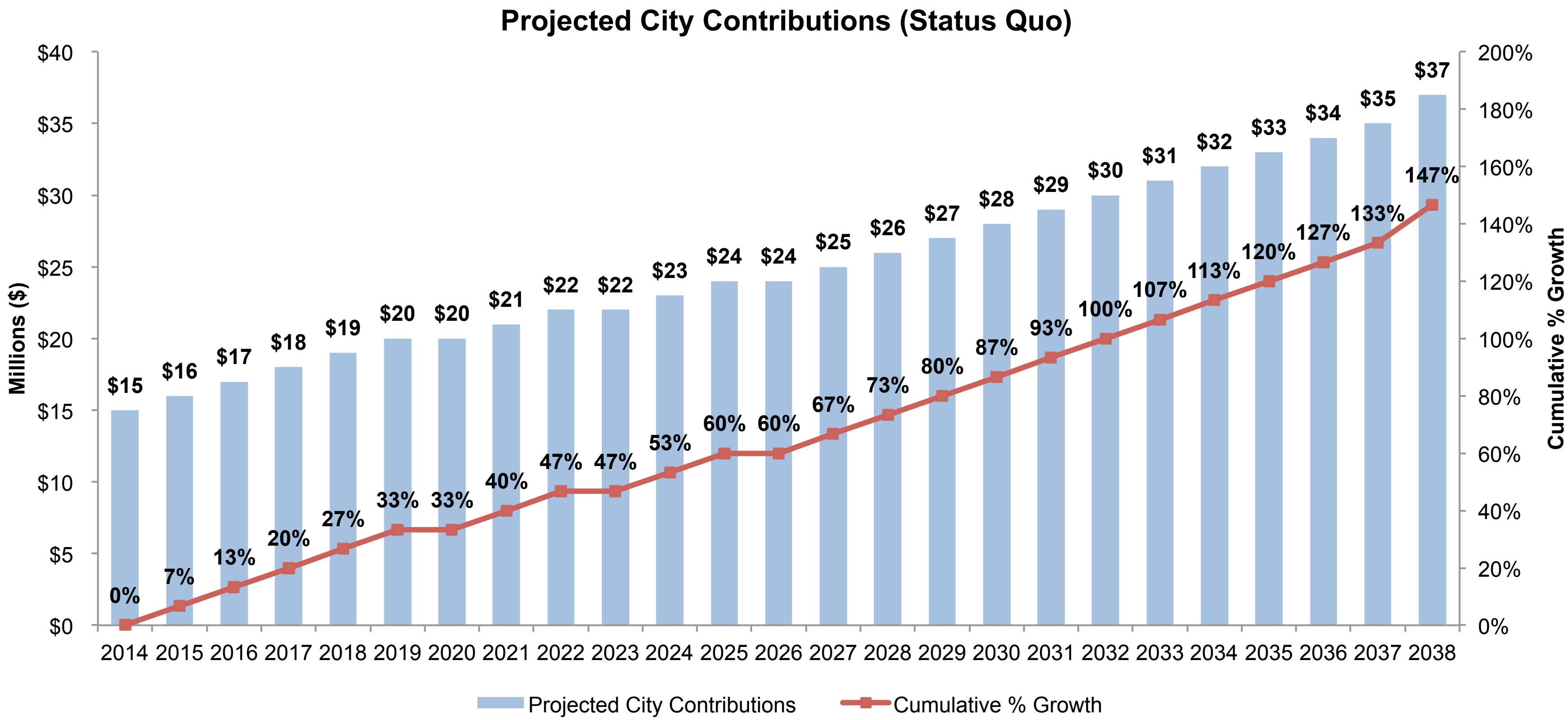


<u>NOTE:</u> The City budgets its contribution by applying the % of payroll recommended contribution from the actuarial report to expected payroll. The valuation is done on a calendar year basis (Jan. – Dec.) while the budget is done on a fiscal year basis (July – June). Consequently, the recommended "dollar" contributions in the valuation and the actual contribution may differ.

Source: City of Chattanooga Fire and Police Pension Fund

Projected Costs if No Changes Made

If no changes were made, the City's contribution is projected to grow by about 7% annually



Source of Projected City Contributions: Segal Consulting, CFPPF, Task Force Recommended Plan Changes, 2/10/14. Reflected amounts are in millions. PFM calculated the Cumulative % Growth using these numbers.

Task Force Timeline

August 2013: Pension Task Force Formed

- Mayor Berke appoints an 18 member Task Force consisting of community leaders and active and retired Police and Fire representatives

September 9, 2014: Task Force Meeting 1

- Kick-off presentation to Task Force

October 7, 2014: Task Force Meeting 2

- Historical CFPPF benefit review; benchmarking results; presentation by CFPPF actuary

October 28, 2014: Task Force Meeting 3

- DROP discussion

November 2013 – January 2014: Ad Hoc Meetings

- Discussions with Task Force, City, Police and Fire representatives, Civilians, and Retirees

Desired Outcomes

✓ **Affordability**

– Address the City's rapidly increasing Annual Required Contribution within a reasonable time horizon

✓ **Sustainability**

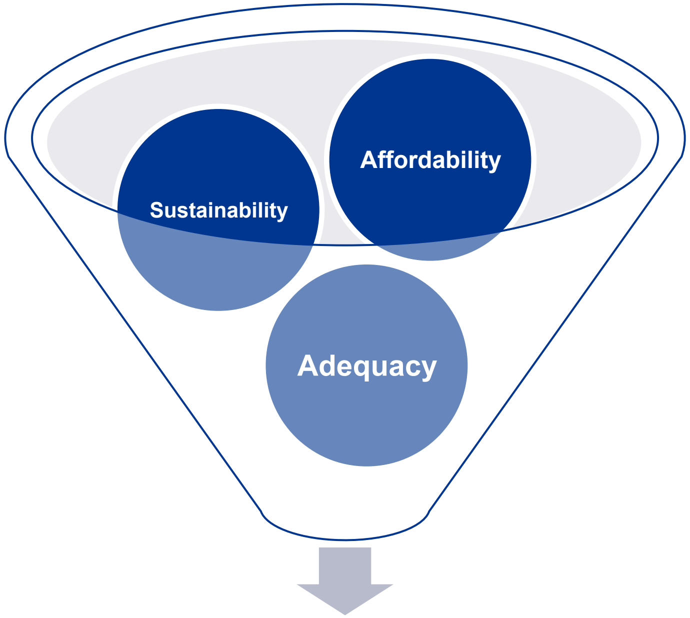
– Preserve the defined-benefit structure for employees

– Ensure the long-term solvency of the Fund to protect current and future retirees

✓ **Adequacy**

– Provide a dignified and sufficient retirement benefit for public safety workers

– Maintain ability to attract new employees and retain high-performing, experienced employees



Criteria for Evaluating Reform Options

CFPPF Current Benefit Structure

- The Chattanooga City Code (Article III, Division 18, Sections 2-400 – 2-429) sets out the specific parameters regarding the Chattanooga Fire and Police Pension Fund (CFPPF) and the benefits available to members
- The CFPPF is funded through a combination of City and member contributions and investment earnings
- **Police and fire fighters are NOT in Social Security**

	Current Plan Design
Plan Name	Fire and Police Pension Fund
Employee Contribution	Pre-1/1/2009 hires: Optional 8% or 9% contribution* Post-1/1/2009 hires: 8% **Election impacts DROP account interest rate (see below)*
Normal Retirement Age	Any age with 25 years of service
Vesting	10 years
Participate in Social Security	No
Basis for Average Final Compensation (AFC)	Highest 3 years of base salary, excludes overtime
Benefit Formula	2.75% of FAC x YOS up to 25 years + 1.25% of FAC x YOS from 25 to 30 years, up to 75% maximum
Post-Retirement COLA	3.0% received on each January 1
Deferred Retirement Option	Available to employees with 25 YOS (retroactive): Contribution of 9%: 7% interest Contribution of 8%: Valuation rate less 3% (7% max) Post-1/1/2009 hires: No interest

Source: City of Chattanooga Fire and Police Pension Fund, Actuarial Valuation as of January 1, 2013

Task Force Recommendations

Summary of Proposed Reforms
Benefit Enhancements

- Killed in the Line of Duty benefit will be increased to 100% of FAC as opposed to current 60%
- For certain long-time beneficiaries (widows), the minimum pension will be increased from $500/month to $750/month
- Restored permanent and total disability benefit

	Current Plan Design	Task Force Recommendation
Killed in the Line of Duty	▪ 60%	▪ 100%
Increases to Minimum Pension Amount for long-time beneficiaries (widows) receiving minimum benefit	▪ Minimum of $500/month	▪ Minimum of $750/month

Summary of Proposed Reforms
Employee Contributions

- The Task Force recommends phasing increased employee contributions by 1% each year from 8% to 11% for employees in the revised DROP plan and from 9% to 12% for employees in the old DROP

	Current Plan Design	Task Force Recommendation
Employee Contribution	▪ **Pre-1/1/2009 hires**: Optional 8% or 9% contribution (Election impacts DROP account interest rate) ▪ **Post-1/1/2009 hires**: 8%	▪ **Upon Effect**: 9% (10% if in old DROP) ▪ **After Year 1**: 10% (11% if in old DROP) ▪ **After Year 2**: 11% (12% if in old DROP)

Summary of Proposed Reforms

Normal Retirement Eligibility – Age and Years of Service

- The Task Force recommendation changes the normal retirement eligibility provisions under a tiered approach:
  - For vested CFPPF members (10 or more YOS), there is no change
  - For non-vested members, the Task Force recommendation is to implement an age requirement of 50 with 25 YOS or 28 YOS. Non-vested members will continue to be able to work the DROP at 25 YOS
  - For new employees, the Task Force recommendation is to implement an age requirement of 55 with 25 YOS or 30 YOS
  - If the IRS establishes a minimum age for qualifying plans, it will automatically apply to all employees

	Current Plan Design	Task Force Recommendation
Normal Retirement Eligibility	▪ Any age with 25 YOS	▪ **New Hires**: Age 55 with 25 YOS or 30 YOS ▪ **Non-Vested**: Age 50 with 25 YOS or 28 YOS ▪ **Vested**: No Change ▪ **Should IRS establish a minimum age for qualifying plans, it will automatically apply to all employees**

YOS = Years of Service

Summary of Proposed Reforms

Benefit Formula

- The Task Force recommendation modifies the benefit formula for new hires only
- While the maximum benefit level is the same for current employees and new hires (75% with 30 YOS), by reducing the accrual for years 1-25 (2.75% to 2.5%) and increasing the accrual for years 26-30 (1.25% to 2.5%), the incentive to retire early under the current plan is somewhat muted

	Current Plan Design	Task Force Recommendation
Benefit Formula	▪ 2.75% of FAC x YOS up to 25 years + 1.25% of FAC x YOS from 25 to 30 years, up to 75% maximum	▪ **Current Employees**: 2.75% of FAC x YOS up to 25 years + 1.25% of FAC x YOS from 25 to 30 years, up to 75% maximum *(No Change)* ▪ **New Hires**: 2.5% of FAC x YOS up to 75% maximum

YOS = Years of Service

FAC = Final Average Compensation

Note: Because the Task Force recommendation permits employees to work 33 years and still keep their DROP benefit , those employees will receive the 1.25% multiplier for additional years worked, but the maximum is still 75% of the current FAC calculation.

Summary of Proposed Reforms

Cost-of-Living Adjustments

- Recognizing the significant impact that COLAs have on the funding level of the system due to impacts on current and future retirees, but being mindful of the economic situation of retirees with lower pensions, the Task Force recommends a "tiered" automatic post-retirement COLA increase, as well as a "dividend COLA" for the next two COLA years, and new retirees needing to be separated for 3 years to begin to receive a COLA until plan is 70% funded (and remains that way) on a market basis

- If the Plan is 80% funded on a market basis, and remains that way, the Task Force recommendation provides a COLA that is tied to CPI up to a maximum of 3%. Until such time, the COLA is banded based on an annuitant's retirement amount, with lower earners receiving the greatest increase

	Current Plan Design	Task Force Proposal
Benefit Formula	▪ 3.0% received on each January 1 (first COLA received January 1 following 12 months of retirement)	▪ Banded COLA from 1.0% to 2.0% based on annuitant's pension amount, with lower earners receiving the greatest increase (1.5% per year total) ▪ Once plan is 80% MVA funded, then COLA is based on CPI up to 3.0%. ▪ COLA is a dividend (not compounded) for next 2 COLA years. ▪ New retirees eligible for first COLA after 3 years of separation until plan is 70% funded on MVA

Summary of Proposed Reforms

Deferred Retirement Option Program (DROP)

- The Task Force recommendation modifies the DROP benefit, but keeps it largely intact
  - For those with 24 years of service or more, there is no change. Those with less than 24 years of service will be moved to the current new hire DROP and will have their additional 1% contributions (if elected) refunded to them
  - The Task Force recommends that a third party actuary review the DROP immediately and every 5 years to ensure cost neutrality to the Fund and adjust if there is a cost found

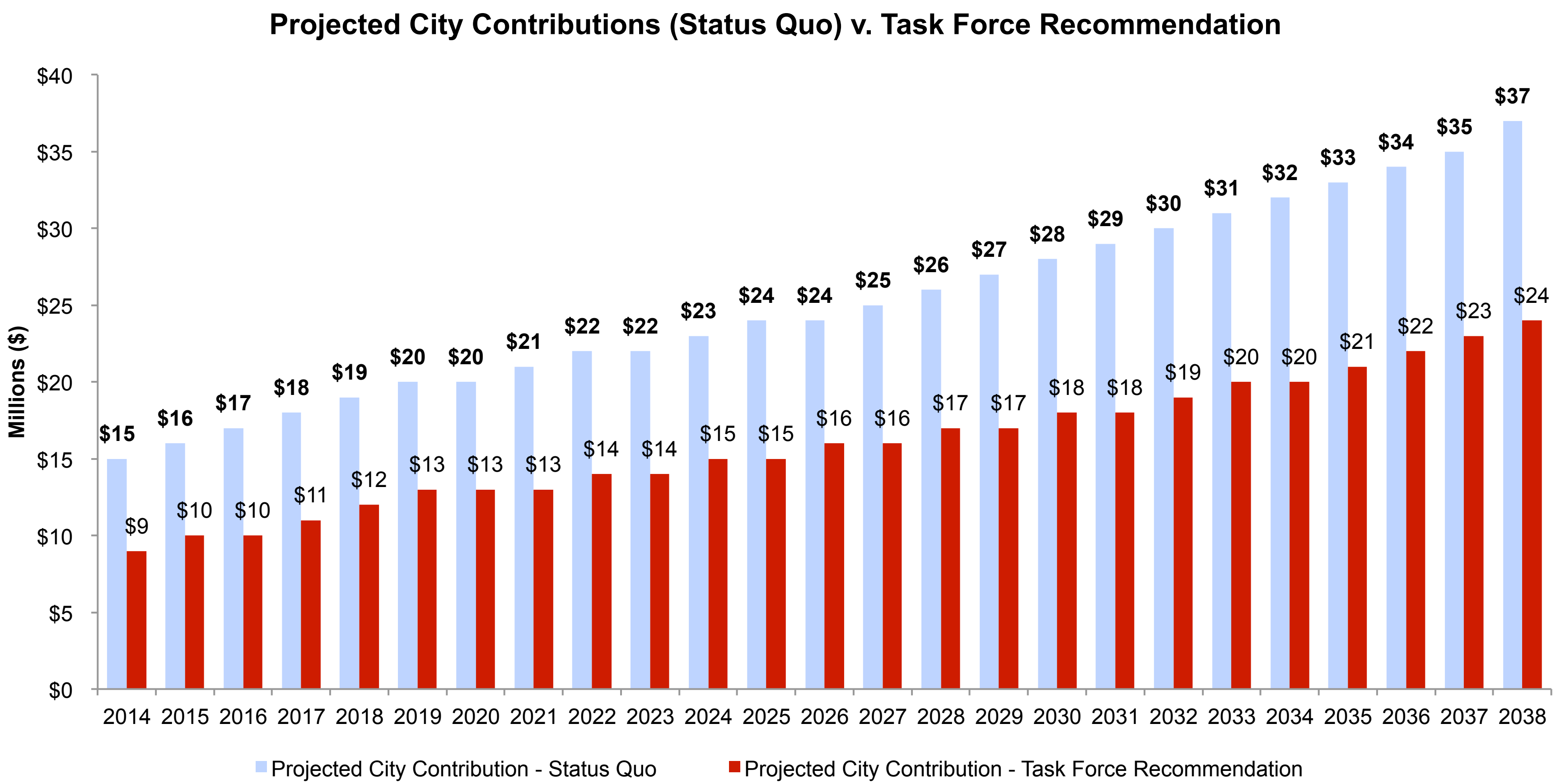
	Current Plan Design	Task Force Recommendation
DROP Plan	▪ 3-Year Retroactive DROP Available to employees with 25 YOS (but prior to 30 YOS): – Contribution of 9%: 7% interest – Contribution of 8%: Valuation rate less 3% (7% max) – Post-1/1/2009 hires: No interest	▪ **>24 YOS**: No Change ▪ **<24 YOS**: Moved to current New Hire DROP Plan (No Interest) and 1% Additional Contribution Refunded ▪ DROP extended from 30 to 33 years for all members in new DROP, but salary amount for DROP for those >24 YOS will not include those years after 30 YOS ▪ Like current employees, new hires must be retirement eligible to begin receiving DROP

YOS = Years of Service

Affordability

Impact on City's Annual ARC Contribution

The City is estimated to save $227 million through 2038 from implementing the Task Force's recommendations. The City's contribution will still grow over time, but at a lesser rate than if no changes were made

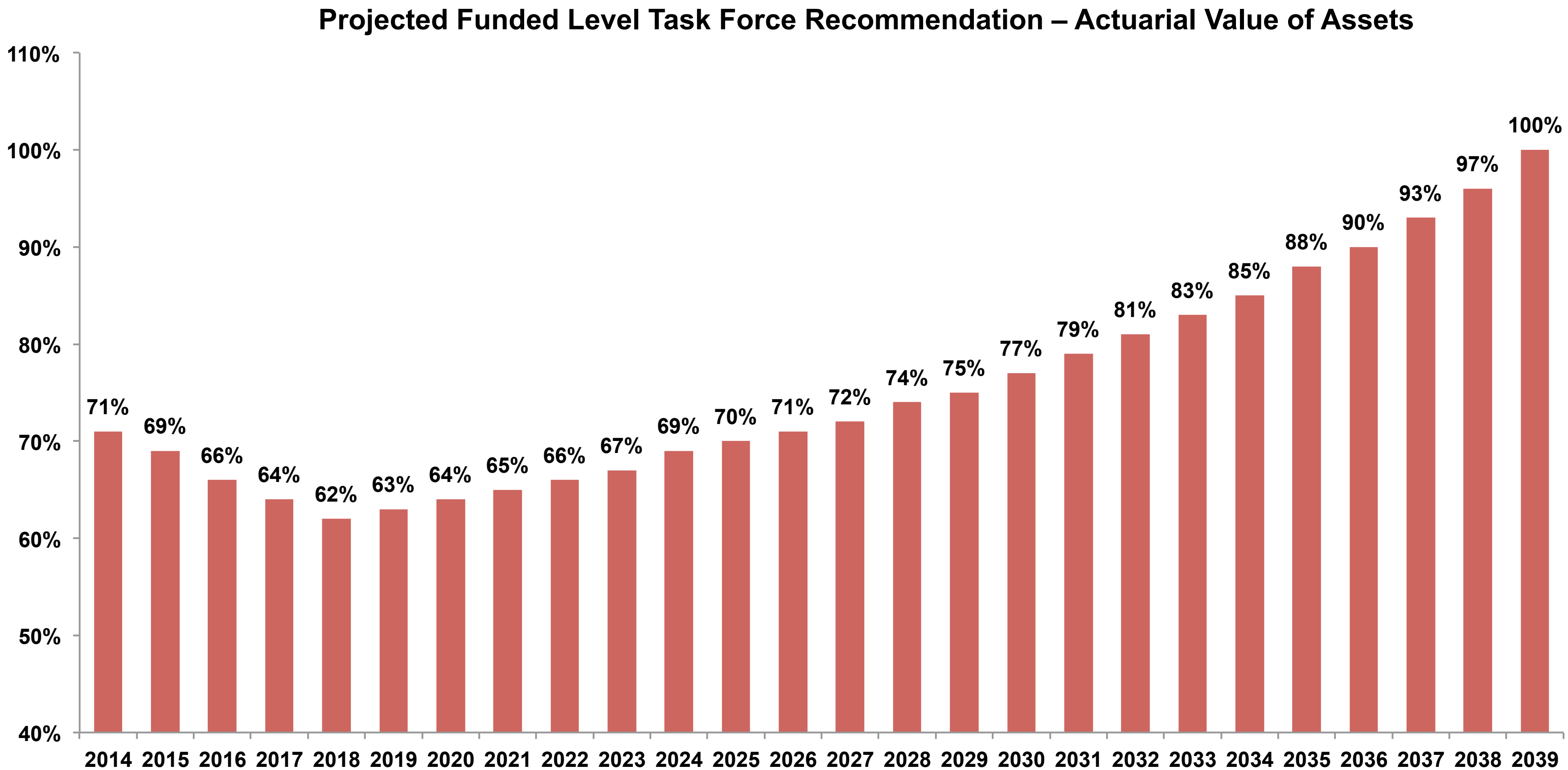


Source: Segal Consulting, CFPPF, Task Force Recommended Plan Changes, 2/10/14. Reflected amounts are in millions.

Sustainability

Impact on Funding Level - AVA

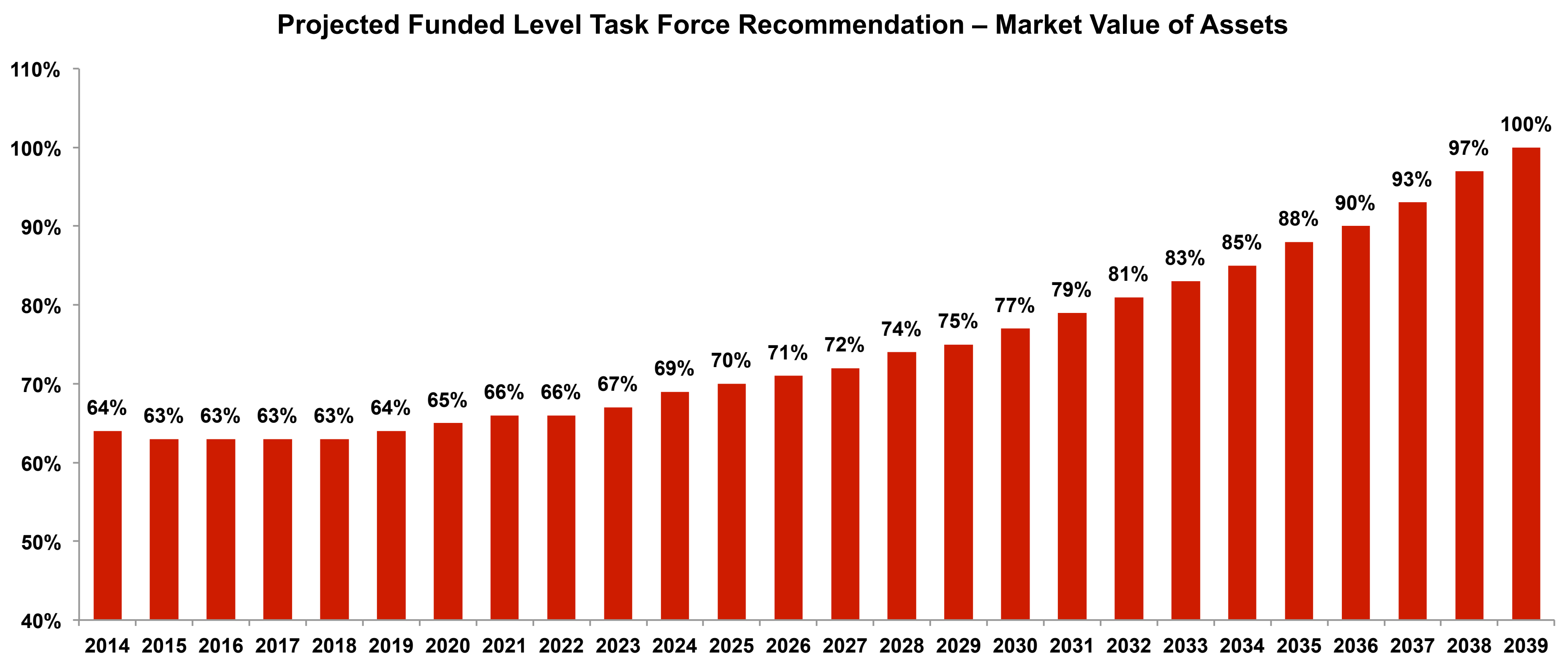
The actuarial funded status of the plan will improve from to 61% to 71% in 2014 from implementing the Task Force's recommendations. Under the current plan, the funded status of the plan would continue decline to 56% in 2018



Source: Segal Consulting, CFPPF, Task Force Recommended Plan Changes, 2/10/14

Impact on Funding Level - MVA

- The market value funded status of the plan will improve from to 52% to 64% in 2014 from implementing the Task Force's recommendations. Under the current plan, the market value funded status of the plan would be 57%



Source: Segal Consulting, CFPPF, Task Force Recommended Plan Changes, 2/10/14

Adequacy

Adequacy

- The proposed plan maintains the traditional defined-benefit pension structure, an important program for public safety workers
- The modified benefit multiplier maintains the maximum benefit level (75%), allowing employees to receive the same maximum monthly annuity under all of the benefit tiers (vested, non-vested, new hires)
  - Preserves generational equity (in general, employees will have similar benefits)
  - Partially offset by additional employee contributions
- Added layer of income security for beneficiaries in the event of a death in the line of duty (increased from 60% to 100% benefit) or permanent and total disability
- Maintains a comparable and competitive benefit with benchmark jurisdictions as already presented

Benchmarking

- PFM examined the retirement benefits for police and fire fighters in the 4 largest cities in the State of Tennessee (including Chattanooga) and 10 cities throughout the southeastern United States
- In addition, PFM reviewed the retirement benefits available to law enforcement and fire fighters employed by the Tennessee Valley Authority, which has a presence in the City of Chattanooga
- In total, PFM examined the retirement benefit available to public safety employees in 15 jurisdictions (including Chattanooga)

	System Name
Chattanooga, TN	**City of Chattanooga Fire and Police Pension Fund**
Alexandria, VA	City of Alexandria Firefighters and Police Officers Pension Plan
Athens, GA	Athens-Clarke County Employees' Pension Plan
Birmingham, AL	City of Birmingham Retirement & Relief System and the Firemen's and Policemen's Supplemental Pension System
Charlotte, NC	North Carolina Local Governmental Employees' Retirement System
	Charlotte Firefighters' Retirement System
Columbus, GA	Columbus, GA Pension Plan For Employees of the Department of Public Safety
Knoxville, TN	City of Knoxville Pension System
Lexington, KY	Lexington-Fayette Urban County Government Policemen's and Firefighters' Retirement Fund
Memphis, TN	City of Memphis Retirement System
Montgomery, AL	City of Montgomery Retirement System
Nashville, TN	Metropolitan Government of Nashville and Davidson County Tennessee Pension Plan
Newport News, VA	Virginia Retirement System
Sarasota, FL	City of Sarasota Police Officers' Pension Fund
	City of Sarasota Firefighters' Pension Fund
Spartanburg, SC	South Carolina Police Officers Retirement System (PORS)
Tennessee Valley Authority	Tennessee Valley Authority Retirement System

Benefit Plan Design

	Social Security	EE Contribution	Normal Retirement (Age/YOS)	Vesting	Benefit Formula	Basis for Average Final Compensation (AFC)	Overtime in AFC?
Chattanooga (Current)	**No**	**8.0% or 9.0%**	**Any/25 or 28**	**10 years**	**2.75% of FAC x YOS up to 25 + 1.25% of FAC x YOS from 25 to 30 (75% max)**	**Highest 3 years**	**No**
Chattanooga (Proposed New Hires)	**No**	**11% or 12% (Phased in)**	**55/25**	**10 years**	**2.5% of FAC x YOS (75% max)**	**Highest 3 years**	**No**
Alexandria	Yes	8.0%	55/5; Any/25	5 years	2.5% of FAC x YOS up to 20 years + 3.2% of FAC x YOS from 21-30	Highest 4 years	No
Athens	Yes	0.0%	60/10	10 years	1.85% of FAC x YOS up to 31 + .25% of FAC x YOS after 31	Highest 3 of final 10 years	Yes
Birmingham	No	11.72%	Any/20	20 years	50% of FAC with 20 YOS + .5% for each year above 20 YOS	Highest 3 of last 10 years	No
Charlotte (Police)	Yes	6.00%	55/5; Any/30	5 years	1.85% of FAC x YOS	Highest 4 consecutive years	Yes
Charlotte (Fire)	No	12.65%	50/25; 60/5; Any/30	5 years	2.6% of FAC x YOS	Highest 2 years within the last 5 years of membership service.	No
Columbus	Yes	8.0%	65/Any	10 years	2% of FAC x YOS up to 30 years	Highest 5 of final 10 years	Yes
Knoxville	Yes	6.0%	50/25	5 years	2.5% of FAC x YOS up to 30 years	Highest 2 years (does not have to be consecutive)	No
Lexington	No	12.0%	50/25	25 years (min. age of 50)	2.25% of FAC x YOS	Highest 3 consecutive years	No

Notes:
Chattanooga: Option 8% or 9% contribution for employees hired prior to 1/1999.
Birmingham: Employee contributions include 5.22% contribution for Supplemental Pension Plan (SPP) and 6.5% for the Retirement & Relief Plan (R&R). Benefits shown for employees in the SPP. The SPP benefit ends on the date the employee would have attained 30 years of service had they continued working. At that time the benefit payable under R&R System commences. The R&R System benefit provides Police Officers and Firefighters with 75% of their final monthly salary.
Lexington: Benefits shown for employees with service date on or after 3/14/2013.

Benefit Plan Design

	Social Security	EE Contribution	Normal Retirement (Age/YOS)	Vesting	Benefit Formula	Basis for Average Final Compensation	Overtime in AFC?
Chattanooga (Current)	**No**	**8.0% or 9.0%**	**Any/25 or 28**	**10 years**	**2.75% of FAC x YOS up to 25 + 1.25% of FAC x YOS from 25 to 30 (75% max)**	**Highest 3 years**	**No**
Chattanooga (Proposed New Hires)	**No**	**11% or 12% (Phased in)**	**55/25**	**10 years**	**2.5% of FAC x YOS (75% max)**	**Highest 3 years**	**No**
Memphis	No	8.0%	55/10; 52/25	10 years	2.25% of AFC x YOS up to 25 + 1% of AFC x YOS above 25	Highest 3 consecutive years	No
Montgomery	No	6.0%	Any/25; 55/ Any	10 years	2.5% of AFC x YOS	Highest 1 of final 5 years	No
Nashville	Yes	0.0%	Age + YOS = 75 (min age of 53)	5 years	2% of AFC x YOS up to 25 + 1.75% of AFC x YOS after 25	Highest 5 consecutive of final 15 years	Yes
Newport News	Yes	5.0%	60/5; 55/25	5 years	1.85% of AFC x YOS ($13,128 annual hazardous duty supplement until SSNRA)	Highest 5 consecutive years	No
Sarasota (Police)	No	8.0%	50/10; Any/25	10 years	3% of AFC x YOS	Highest 5 of final 10 years	Overtime >300 hours is excluded
Sarasota (Fire)	No	8.0%	50/10; Any/25	10 years	3% of AFC x YOS	Highest 3 of final 10 years	Yes
Spartanburg	Yes	7.8%	55/8; Any/27	5 years	2.14% of AFC x YOS	Highest 5 years	Yes
Tennessee Valley Authority	Yes	TVA employees hired after 1/1/1996 participate in a Cash Balance and 401(k) plan. Cash Balance: Employees do not contribute toward the Cash Balance plan. Employer contributes 6.0% into individually tracked account that is credited with interest equal to the change in CPI + 3.0% (6.0% minimum and 10.0% maximum) 401(k): Employee is automatically enrolled with 6.0% contribution (may opt to change). Employer matches 75% of employee contribution up to 4.5% maximum.					

Notes:
Memphis: Benefits shown for employees hired after 7/1/2012.
Newport News: Benefits shown for employees hired after 3/2010 participating in the Virginia Retirement System's Hazardous Duty Plan. The City's plan has been closed to new hires.

Post-Retirement COLA

- 8 of 14 jurisdictions surveyed with a DB pension including Chattanooga, provide automatic cost-of-living adjustments
  - 4 of the 8 jurisdictions (Alexandria, Knoxville, Nashville, and Newport News) provide an automatic COLA that is tied to CPI
- 6 of 14 jurisdictions surveyed provide post-retirement COLAs on an ad hoc basis (generally requires the approval of pension board, City Council, Mayor, or combination of all three)
- The TVA was excluded as they have a Cash Balance and 401(k) plan

	Post-Retirement COLA
Chattanooga (Current)	**Automatic: 3% annually**
Chattanooga (Proposed)	**1.0%, 1.5% or 2.0% (tied to pension amount) CPI up to 3.0% once plan is 80% funded**
Alexandria	Automatic: Lesser of 3.0% or the change in CPI
Athens	Ad hoc
Birmingham	Ad hoc
Charlotte (Police)	Ad hoc
Charlotte (Fire)	Ad hoc
Columbus	Ad hoc
Knoxville	Automatic: 3.0% + one-half of the change in CPI in excess of 3.0%, up to 4.0% maximum
Lexington	Automatic: <$40k: 2.0% $40k - $75k: 1.5%: $75k - $100k: 1.0% >$100k: 0.0% until 1/1/2016, then 1.0% (Previously automatic between 2% and 5%)
Memphis	Ad hoc
Montgomery	Ad hoc
Nashville	Automatic: 80% of the change in CPI up to 5%, applied to the original benefit
Newport News	Automatic: tied to CPI, up to 3.0% maximum
Sarasota (Police)	Automatic: 1.0% after attaining age 65
Sarasota (Fire)	Automatic: 3.5%
Spartanburg	Automatic 1% up to $500 maximum
Tennessee Valley Authority	N/A

Deferred Retirement Option Programs

	Eligibility	Duration	Interest Credit
Chattanooga (Current)	**25 YOS (prior to 30 YOS) or 28**	**3 years**	**7.0% / 4.75% / 0.0%**
Chattanooga (Proposed New Hires)	**At normal retirement eligibility**	**3 Years**	**0%**
Alexandria	30 YOS	3 years	3.0%
Athens	--	--	--
Birmingham	26 YOS	3 years	5.0%
Charlotte (Police)	--	--	--
Charlotte (Fire)	--	--	--
Columbus	35 YOS or Age 58 with 30 YOS	3 years	Actual return rate less 2.0%
Knoxville	25 YOS	2 years	0%
Lexington	--	--	--
Memphis	25 YOS	3 years	25% of the 90-day Treasury Bill yield
Montgomery	25 YOS	3 years	5.0%
Nashville	--	--	--
Newport News	--	--	--
Sarasota (Police)	25 YOS	5 years	Investment return rate or 2.5% fixed
Sarasota (Fire)	--	--	--
Spartanburg	--	--	--
Tennessee Valley Authority	--	--	--

Chattanooga: Interest rate varies based on date of hire and employee contribution election for pre-1/1/2009 hires. Pre-1/1/2009 hires contributing 9% receive a 7% interest credit while employees contributing 8% receive the valuation rate less 3% (7% max; currently 4.75%). Employees hired after 1/1/2009 do not receive interest.

Conclusion

- The Task Force's recommendations squarely address the primary objectives outlined earlier in this presentation with minimal impact to employees and retirees:
  - ✓ Affordability
  - ✓ Sustainability
  - ✓ Adequacy
- The recommendations are not inconsistent with sound actuarial principles, methods or actuarial assumptions
- All stakeholders shared in the sacrifice of addressing the CFPPF's financial position, while continuing to provide public safety employees and retirees with a dignified and secure benefit